

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

5. Lease Serial No.
UTU-81184

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

8. Lease Name and Well No.
Federal Pipeline 13-17-4-23

2. Name of Operator Parallel Petroleum Corp.

9. API Well No.

43047-39910

3a. Address 1004 Big Springs ST, Suite 400
Midland, TX 79701

3b. Phone No. (include area code)
432-685-6568

10. Field and Pool, or Exploratory
Wildcat

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 830' FSL & 126' FWL SWSW 638615X 40.46 7516
At proposed prod. zone Same as above. 44807224 -109.364974

11. Sec., T. R. M. or Blk. and Survey or Area
Sec. 17, T. 4S, R. 23 E

14. Distance in miles and direction from nearest town or post office*
14.2 miles East of Vernal, UT

12. County or Parish
Uintah

13. State
UT

15. Distance from proposed* 830'
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of acres in lease
1439.36

17. Spacing Unit dedicated to this well
40 acres

18. Distance from proposed location* NA
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
2,000'

20. BLM/BIA Bond No. on file
LOC-61648852

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5343.9 Finished Grade

22. Approximate date work will start*
03/01/2008

23. Estimated duration
10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature

Ginger Bowden

Name (Printed/Typed)
Ginger Bowden

Date
12/29/2007

Title

Agent

Approved by (Signature)

Title

Name (Printed/Typed)

BRADLEY G. HILL
ENVIRONMENTAL MANAGER

Date

01-16-08

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

CONFIDENTIAL

RECEIVED

JAN 11 2008

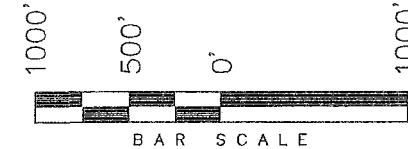
DIV. OF OIL, GAS & MINING

T4S, R23E, S.L.B.&M.

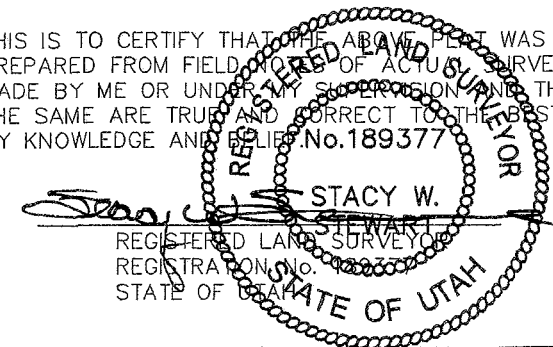
G.L.O. INFORMATION
NOT AVAILABLE

PARALLEL PETROLEUM CORP.

WELL LOCATION, FED. PIPELINE
13-17-4-23, LOCATED AS SHOWN IN THE
SW 1/4 SW 1/4 OF SECTION 17, T4S,
R23E, S.L.B.&M. UTAH COUNTY, UTAH.



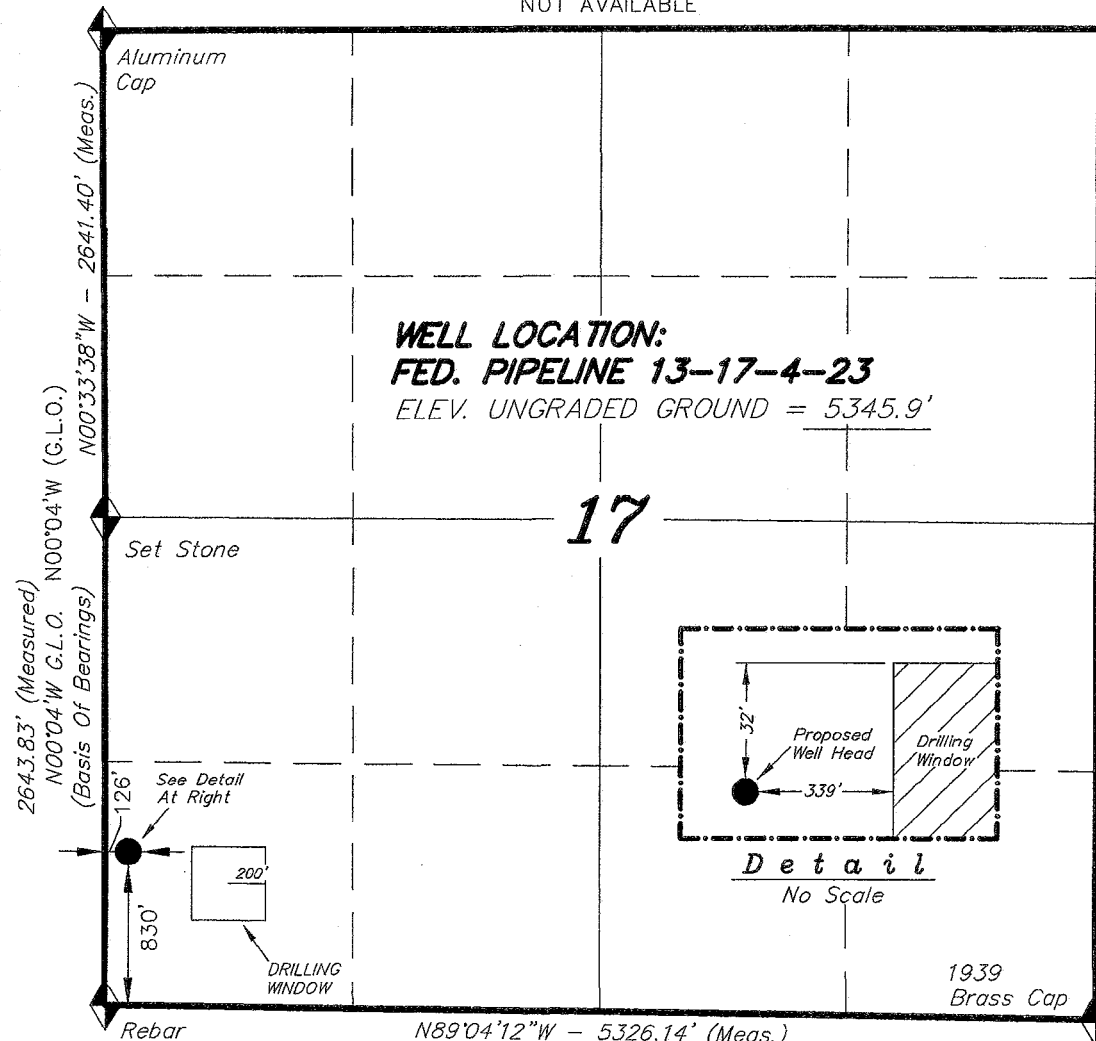
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS
PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS
MADE BY ME OR UNDER MY SUPERVISION AND THAT
THE SAME ARE TRUE AND CORRECT TO THE BEST OF
MY KNOWLEDGE AND BELIEF. No. 189377



TRI STATE LAND SURVEYING & CONSULTING
180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 06-20-07	SURVEYED BY: T.P.
DATE DRAWN: 06-22-07	DRAWN BY: F.T.M.
REVISED: 07-19-07 F.T.M.	SCALE: 1" = 1000'

G.L.O. INFORMATION
NOT AVAILABLE



G.L.O. INFORMATION
NOT AVAILABLE

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV;
U.S.G.S. 7-1/2 min QUAD (DINOSAUR QUARRY)

FED. PIPELINE 13-17-4-23
(Surface Location) NAD 83
LATITUDE = 40° 28' 02.66"
LONGITUDE = 109° 21' 56.66"

PARADIGM CONSULTING, INC
PO BOX 7902003
VERNAL, UT 84079
435-789-4162

December 29, 2007

RE: Parallel Petroleum Corp.
Federal Pipeline 13-17-4-23
Sec. 17, T4S, R23E

Utah Division of Oil, Gas and Mining
1549 West North Temple, Suite 1210
Salt Lake City, UT 84114

Dear Sir or Madam,

Parallel Petroleum Corp respectfully requests a spacing exception for the subject location. The well has been moved from the center of the forty-acre spacing.

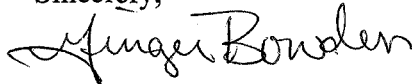
The well is located at 126' FWL & 830' FSL, which has changed from the proposed location at 660' FWL & 660' FSL.

The location was moved due to a drainage and topography. Please find the attached plat maps.

Parallel Petroleum Corp is the only lease owner within a 460 foot radius.

If you have additional questions, please feel free to contact me.

Sincerely,



Ginger Bowden, Agent

RECEIVED

JAN 11 2008

DIV. OF OIL, GAS & MINING

Ten Point Plan
Federal Pipeline 13-17-4-23
SW/4 of SW/4, Section 17, T4S, R23E, Uintah County

1. Surface Formation – Navajo

2. Estimated Formation Tops and Datum:

Formation	Depth
Chinle	240'
Shinarump	462'
Moenkopi	550'
Anhydrite	845'
Phosphoria	1,245' Possible Oil, Gas
Weber	1,425' Possible Oil, Gas
TD	2,000'

3. Producing Formation Depth:

Formation objective: Weber at 1425'.

4. Proposed Casing and Cement:

Casing Program

<u>HOLE SIZE</u>	<u>CSG. SIZE</u>	<u>#/ Ft.</u>	<u>GRADE</u>	<u>CONNECTION.</u>	<u>DEPTH</u>	<u>CONDITION</u>
12 1/4"	8 5/8"	24	J-55	ST&C	300'	New
7 7/8"	5 1/2"	15.50	J-55	LT&C	T.D.	New

Cementing Program

<u>SECTION</u>	<u>INTERVAL</u>	<u>HOLE SIZE</u>	<u>CSG SIZE</u>	<u>SLURRY</u>
Surface	0 - 300'	12 1/4"	8 5/8"	Lead: Tail: 250 sx Premium Plus 'V' (or equivalent) + 2 % CaCl ₂ + .125 pps Cello Flake Wt: 15.6 ppg Yld: 1.20 ft ³ / sx Volume calculated on 100% excess
Production	0-TD	7 7/8"	5 1/2"	Lead: 75 sx Premium Lite II + 0.05 lbs/sx Static Free + 3 lbs/sx CSE-2 + 3% bwow Potassium Chloride + 0.25 lbs/sx Cellophane Flakes + 2 lbs/sx Kol Seal + 0.002 gps FP-6L + 10% bwoc Bentonite + 0.5% bwoc Sodium Metasilicate Wt: 11.0 ppg Yld: 3.43 ft ³ / sx Tail: 200 sx (50:50) Poz (Fly Ash):Class G Cement + 0.05 lbs/sx Static Free + 3% bwow Potassium Chloride + 0.5% bwoc EC-1 + 0.25 lbs/sx Cellophane Flakes + 0.002 gps FP-6L + 2% bwoc Bentonite + 0.3% bwoc Sodium Metasilicate Wt: 14.40 ppg Yld: 1.24 ft ³ / sx Volume calculated on 40% excess in open hole

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 2000 psi.

A 2000 psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during drilling operations.

Stack: 2M SAG

6. Mud Program:

<u>INTERVAL</u>	<u>MUD WEIGHT</u> <u>lbs./gal.</u>	<u>VISCOSITY</u> <u>Sec / Qt</u>	<u>FLUID LOSS</u> <u>ml / 30 mins.</u>	<u>MUD TYPE</u>
0-300	Air/Mist	No control	No control	
300-2000 (TD)	Air/ Mist	No control	No control	
1000-TD*	8.8-9.2	34	8-10	Water / Gel

* If mud up required for drilling/logs

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, and choke manifold

8. Testing, Coring, Sampling and Logging:

- a) Test: Possible DST's in Weber from 1,400' to estimated TD of 2000'
- b) Mudlog: Onsite from 300' to TD.
- c) Coring: Not Planned
- d) Sampling: Every 10' from 300' to T.D.
- e) Logging: Type Interval
Triple Combo, Sonic T.D. to Surf. Csg

9. Abnormalities (including sour gas):

Gas/oil shows are expected from 1,000' to 2,000' (TD). No sour gas anticipated.

10. Drilling Schedule:

The anticipated starting date is ASAP after APD approval. Duration of operations is expected to be 20 days.

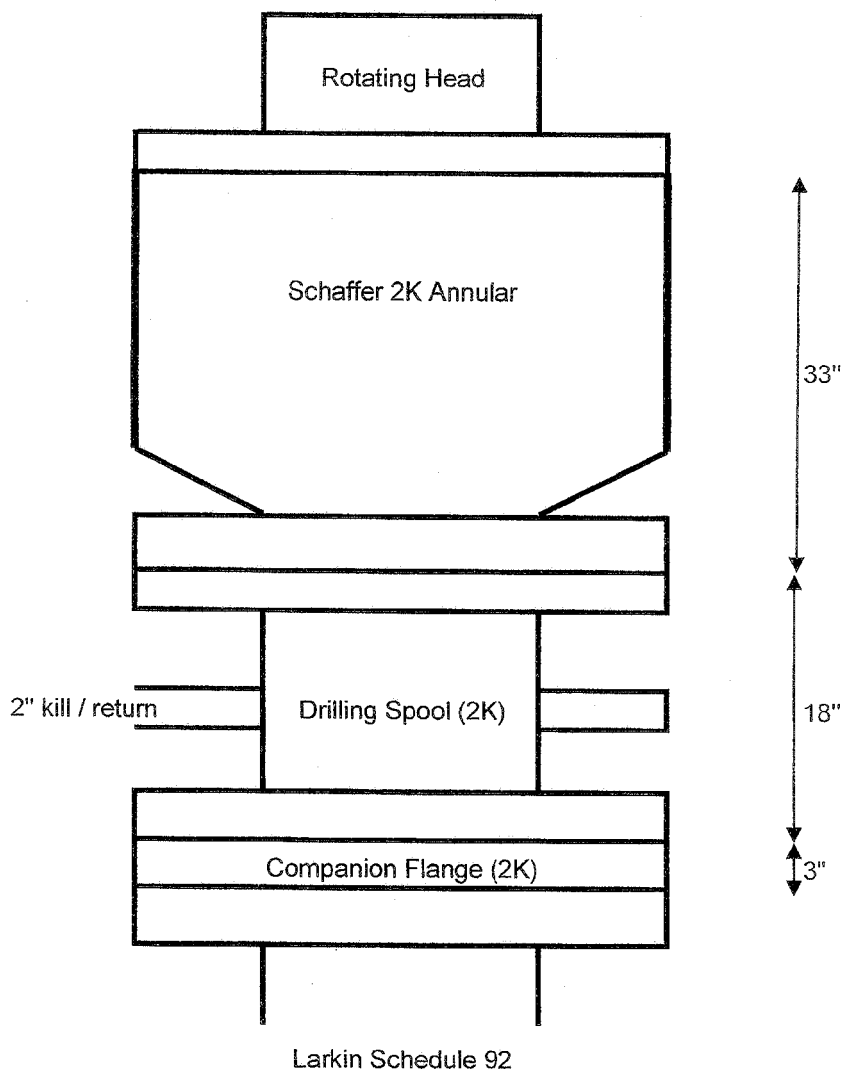


PERFORMANCE PROFESSIONALS™

2103 East Ladd Road
Washington, Oklahoma 73093
(O) 405-288-6021
(F) 405-288-6737

(2,000 psi)

BOP Configuration



PARALLEL PETROLEUM CORP.

13 POINT SURFACE USE PLAN

FOR WELL

FEDERAL PIPELINE 17-13-4-23

LOCATED IN SW ¼ OF THE SW ¼

SECTION 17, T4S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER UTU-81184

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

**Parallel Petroleum Corp
Federal Pipeline 13-17-4-23
Section 17, T4S, R23E**

Beginning at the city of Vernal, UT, leave the city of Vernal traveling north on state highway 191 for a distance of approximately 0.5 miles to the junction of this road and 500 north street. Turn right onto 500 north street and proceed easterly for a distance of approximately 3.0 miles where there is a fork in the road. Turn right and proceed easterly along the Brush Creek road for a distance of approximately 3.8 miles where there is a turn to the left. Turn left and proceed in northeasterly for approximately 4.0 miles where there is a turn to the right. Turn right and proceed southerly for a distance of approximately 2.1 miles (1.2 & 0.9 on "A" map) to the beginning of an existing two-track access that needs to be upgraded. Turn left onto two-track access and proceed easterly for approximately 1,100' to the beginning of the proposed access for the Federal Pipeline 13-17-4-23 well pad. Turn right onto proposed access and proceed southerly approximately 55' to the proposed Federal Pipeline 13-17-4-23 well pad.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads.

Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 55' of new construction and approximately 1,100' of two-track upgrade. The road will be graded once per year minimum and maintained.

A) Approximate length.....	55 ft
B) Right of Way width.....	30 ft
C) Running surface.....	18 ft
D) Surface material.....	Native soil
E) Maximum grade.....	8%
F) Fence crossing.....	None
G) Culvert.....	None
H) Turnouts.....	None
I) Major cuts and fills.....	None
J) Road Flagged.....	Yes
K) Access road surface ownership.....	Federal
L) All new construction on lease.....	Yes
M) Pipe line crossing.....	Yes

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within
a one-mile radius of the location site.

A) Producing well.....	None
B) Water well.....	None
C) Abandoned well.....	None
D) Temp. abandoned well.....	None
E) Disposal well.....	None
F) Drilling /Permitted well.....	None
G) Shut in wells.....	None
H) Injection well.....	None
I) Monitoring or observation well.....	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a color determined by the AO. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a gas line will be required. A sundry notice will be filed in the event a pipeline is necessary.

5. Location and type of water supply

Water for drilling and cementing will come from a municipal source at Dalbo/A-1 Tanks in Vernal, UT at 355 South 1000 East.

6. Source of construction materials

All construction material for this location site and access road shall be barrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **8 ft.** deep and most of the depth shall be below the surface of the existing ground Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit or, if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. Onsite evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length.....	290 ft.
B) Pad width.....	189 ft.
C) Pit depth.....	8 ft.
D) Pit length.....	140 ft.
E) Pit width.....	40 ft.
F) Max cut.....	11.8 ft.
G) Max fill.....	9.4 ft.
H) Total cut yards.....	5,110
I) Pit location.....	East end
J) Top soil location.....	North end
K) Access road location.....	West end
L) Flare Pit.....	Corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,050** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

To be determined by the AO.

11. Surface ownership:

Access road.....Federal

Location.....Federal

Pipeline.....Not applicable at this time

12. Other information:

A) Vegetation

The vegetation coverage is slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, Indian Rice grass, Cedar and Sagebrush were also found on the location.

B) Dwellings:

There are eight dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveye. The survey will be forwarded to your office as soon as it has been completed.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is Bitter Creek located 8,000' +/- to the west.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior approval.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.
- g) Local fire authorities will be notified.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative
and certification
A) Representative

Ginger Stringham
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

Office 435-789-4162
Cellular 435-790-4163

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Operators Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drill-site and access route proposed herein; that I am familiar with the conditions which currently exist, that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it approved. I also certify that I or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

Executed this 29th day of December, 2007.

Name: Ginger Bowden

Position Title: Agent

Address: PO BOX 790203 Vernal, UT 84079

Telephone: 435-789-4162

Onsite Dates: 11/28/2007

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that Parallel Petroleum Corp is considered to be the operator of the following well:

**Federal Pipeline 13-17-4-23
Section 17, T. 4S, R. 23E
SW ¼ of the SW ¼
Lease UTU-81184
Uintah County, Utah**

The Parallel Petroleum is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond LOC-61648852 provides state-wide bond coverage.

Date 12/29/2007

Name: Ginger Stringham

Title: Agent

Signature.

Ginger Borden

Statement of use of Hazardous Materials

No chemical (s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 CFR355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

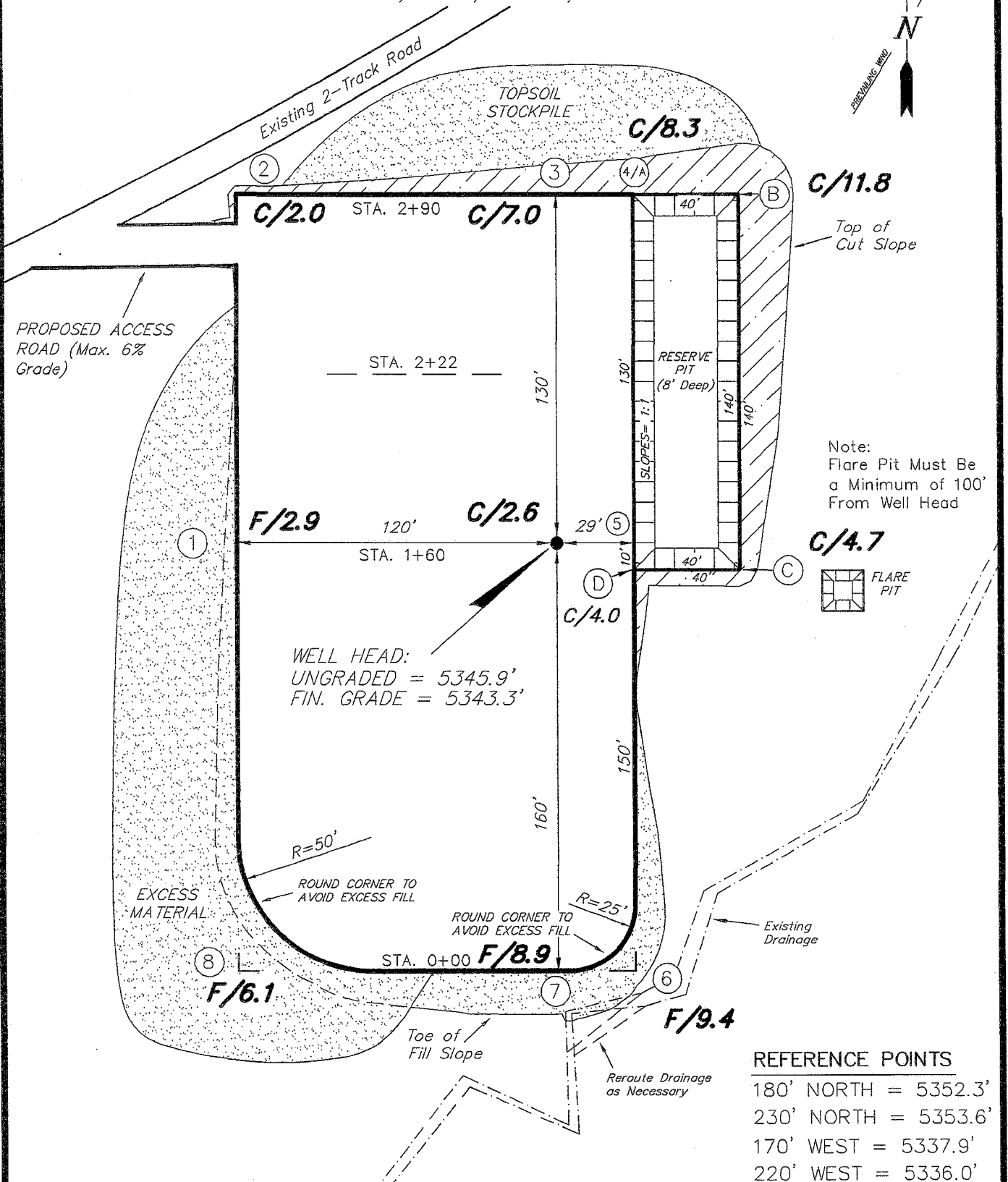
Ginger Stringham
Agent for Parallel Petroleum Corp
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

435-789-4162	Office
435-790-4163	Cell
435-789-8188	Fax

PARALLEL PETROLEUM CORP.

FED. PIPELINE 13-17-4-23

Section 17, T4S, R23E, S.L.B.&M.



SURVEYED BY: T.P.

SCALE: 1" = 50'

DRAWN BY: F.T.M.

DATE: 06-22-07

Tri State
Land Surveying, Inc.

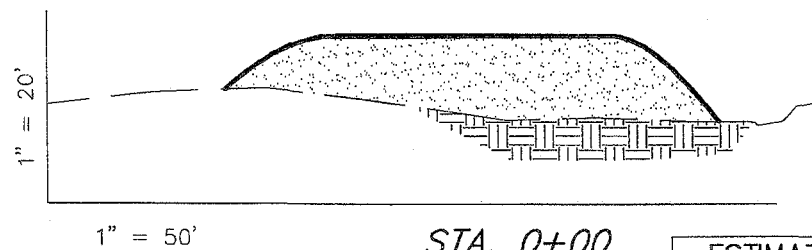
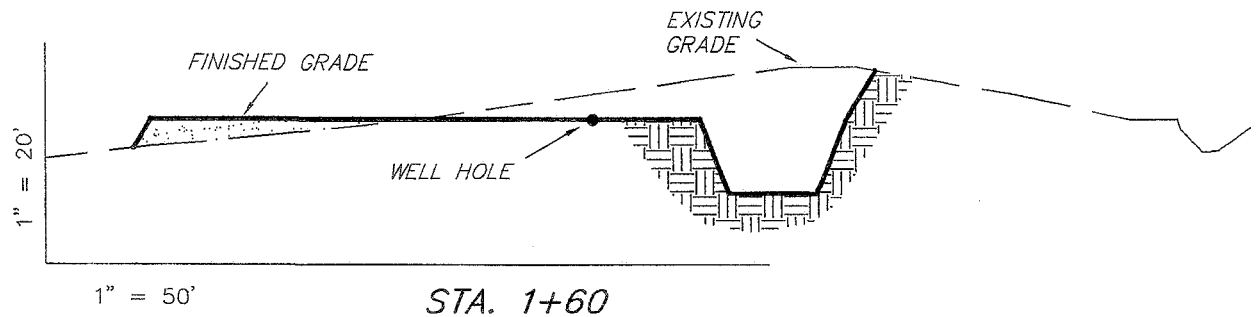
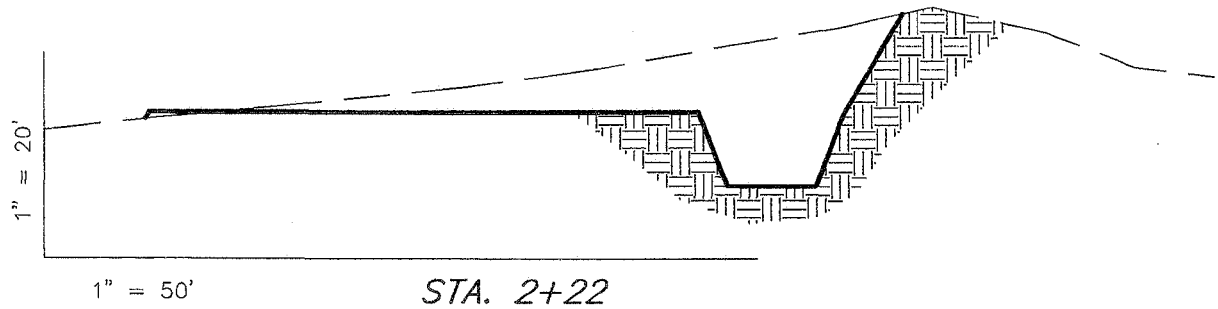
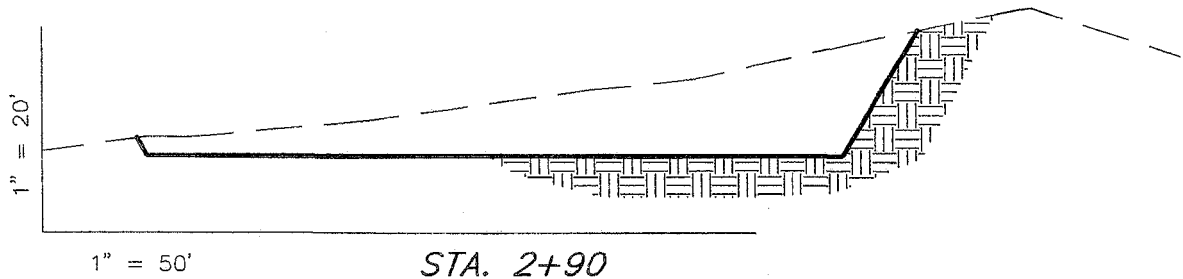
(435) 781-2501

180 NORTH VERNAL AVE. VERNAL, UTAH 84078

PARALLEL PETROLEUM CORP.

CROSS SECTIONS

FED. PIPELINE 13-17-4-23



NOTE:
UNLESS OTHERWISE NOTED
ALL CUT/FILL SLOPES ARE
AT 1.5:1

ESTIMATED EARTHWORK QUANTITIES (No Shrink or swell adjustments have been used) (Expressed in Cubic Yards)				
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	3,860	3,860	Topsoil is not included in Pad Cut	0
PIT	1,250	0		1,250
TOTALS	5,110	3,860	1,050	1,250

SURVEYED BY: T.P.

SCALE: 1" = 50'

DRAWN BY: F.T.M.

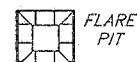
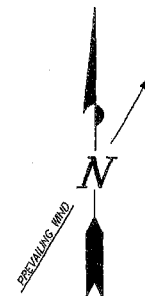
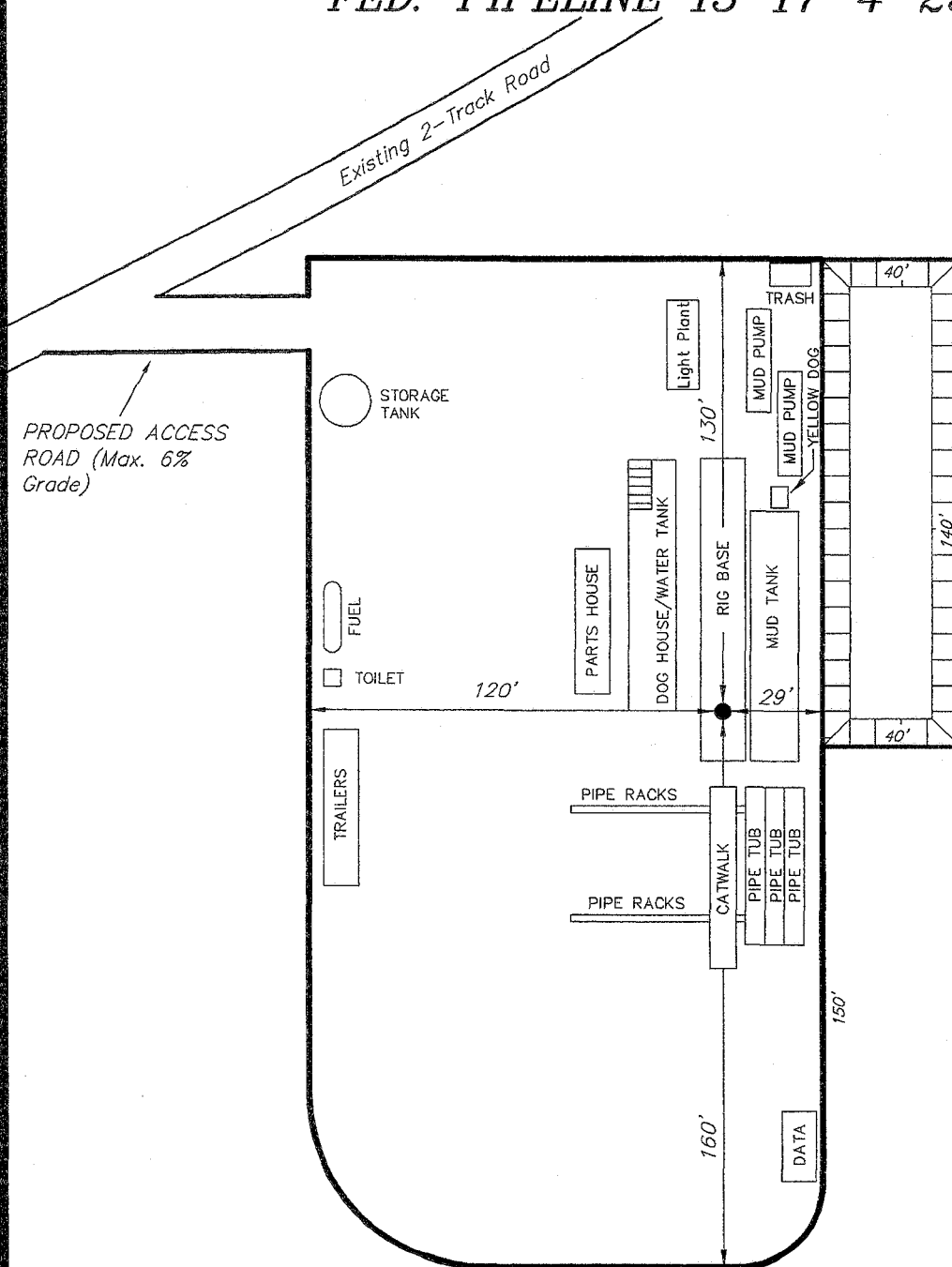
DATE: 06-22-07

Tri State
Land Surveying, Inc.
(435) 781-2501
180 NORTH VERNAL AVE. VERNAL, UTAH 84078

PARALLEL PETROLEUM CORP.

TYPICAL RIG LAYOUT

FED. PIPELINE 13-17-4-23



Note:
Flare Pit Must Be
a Minimum of 100'
From Well Head

SURVEYED BY: T.P.

SCALE: 1" = 50'

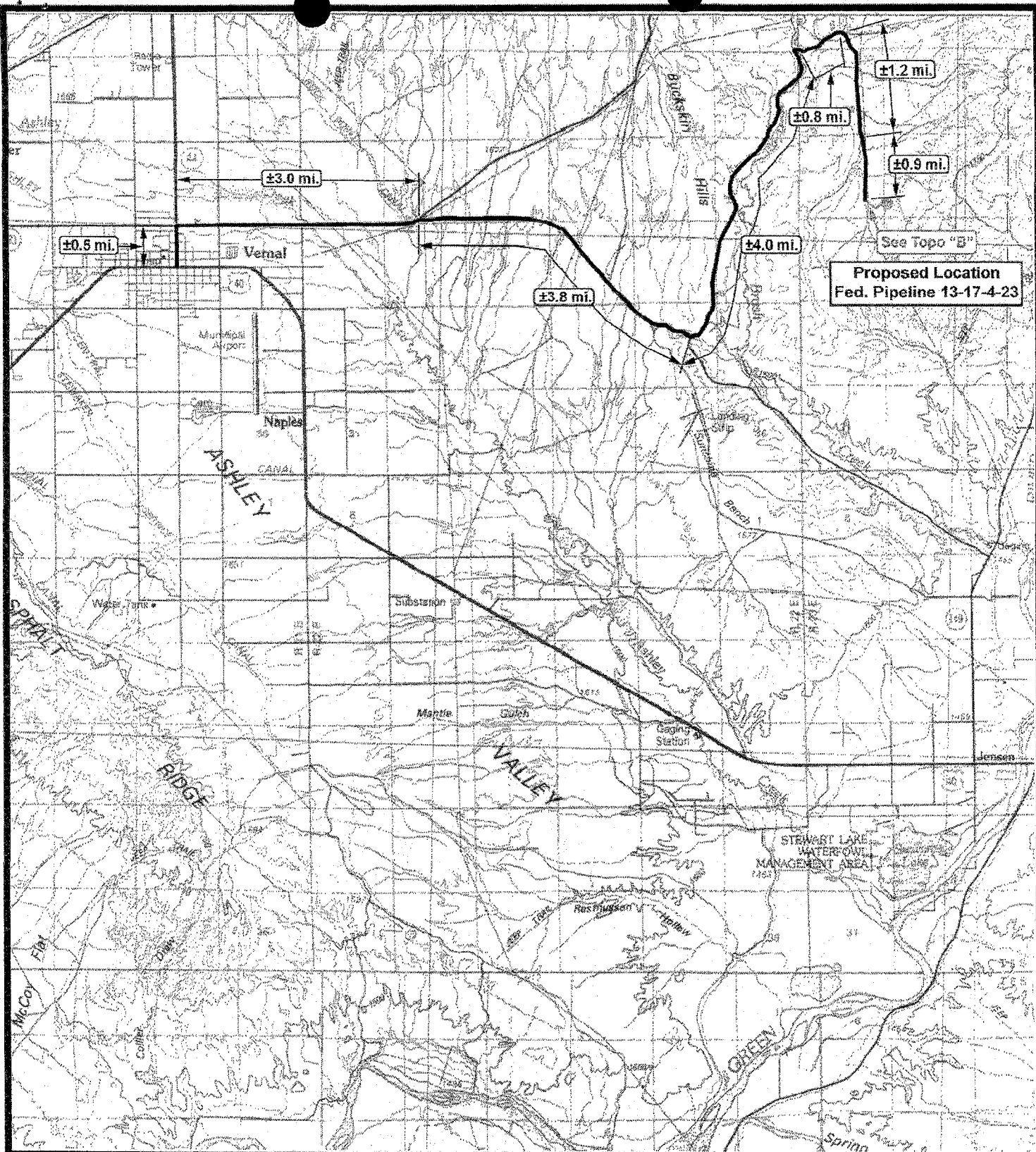
DRAWN BY: F.T.M.

DATE: 06-22-07

Tri State
Land Surveying, Inc.

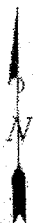
(435) 781-2501

180 NORTH VERNAL AVE. VERNAL, UTAH 84078



PARALLEL PETROLEUM CORP.

Fed. Pipeline 13-17-4-23
SEC. 17, T4S, R23E, S.L.B.&M.



*Tri-State
Land Surveying Inc.*
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 100,000'

DRAWN BY: TCJ

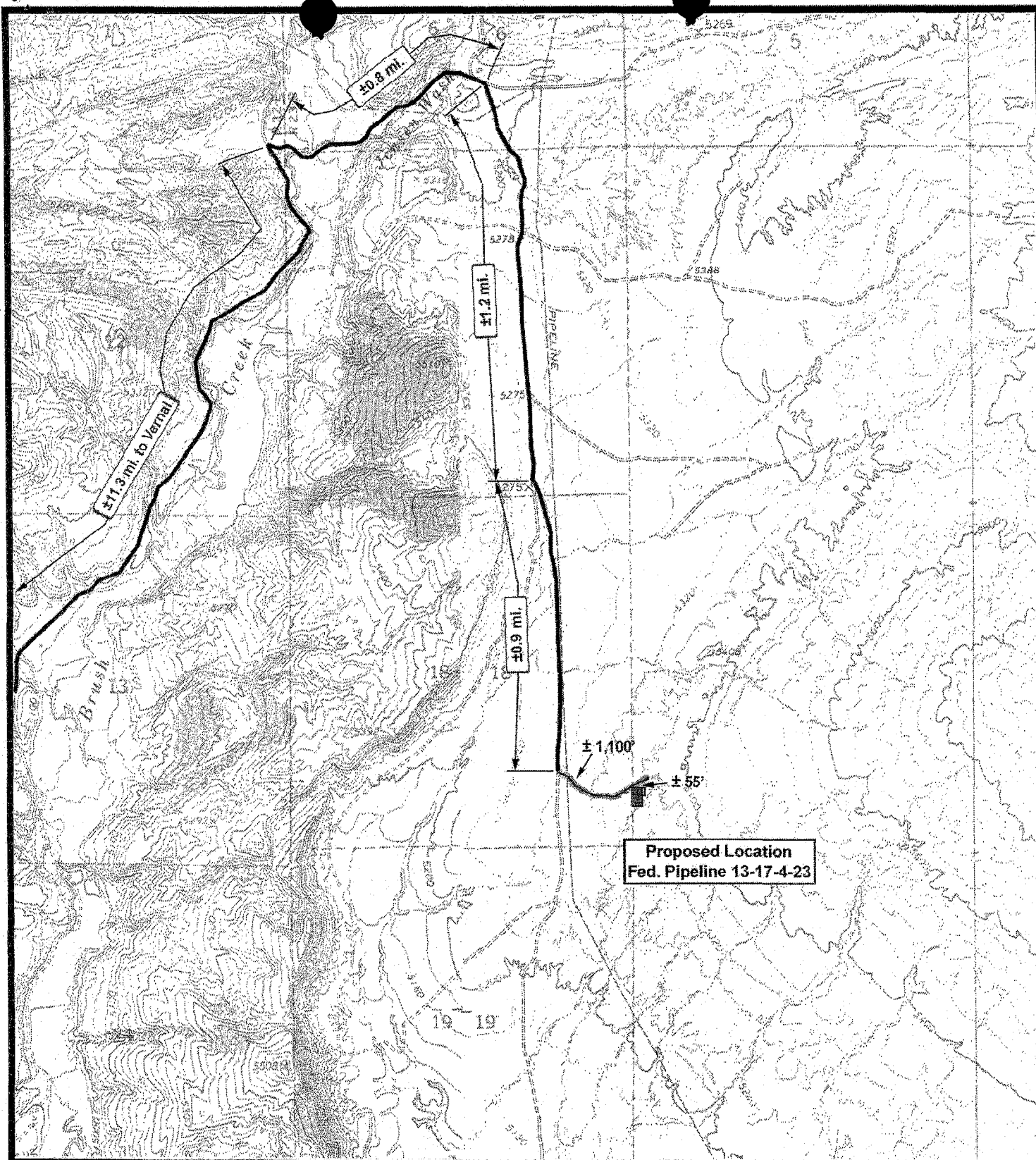
DATE: 08-27-2007

Legend

Existing Road
Proposed Access

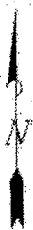
TOPOGRAPHIC MAP

"A"



PARALLEL PETROLEUM CORP.

Fed. Pipeline 13-17-4-23
SEC. 17, T4S, R23E, S.L.B.&M.



*Tri-State
Land Surveying Inc.*
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

DRAWN BY: TCJ

DATE: 06-27-2007

Legend

- Existing Road
- Proposed Access
- Existing Two-Track

TOPOGRAPHIC MAP

"B"

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/11/2008

API NO. ASSIGNED: 43-047-39910

WELL NAME: FEDERAL PIPELINE 13-17-4-23

OPERATOR: PARALLEL PETROLEUM CORP (N2720)

PHONE NUMBER: 432-685-6568

CONTACT: GINGER STRINGHAM

PROPOSED LOCATION:

SWSW 17 040S 230E

SURFACE: 0830 FSL 0126 FWL

BOTTOM: 0830 FSL 0126 FWL

COUNTY: UINTAH

LATITUDE: 40.46752 LONGITUDE: -109.3650

UTM SURF EASTINGS: 638615 NORTHINGS: 4480722

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-81184

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WEBR

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. LOC-61648852)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. MUNICIPAL)

☒ RDCC Review (Y/N)

(Date:)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: _____

___ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

☒ R649-3-3. Exception

___ Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Federal Approval
2- Spacing Strip

T4S R23E

18

17

FEDERAL
PIPELINE
13-17-4-23

19

20

OPERATOR: PARALLEL PETRO CORP (N2720)

SEC: 17 T.4S R. 23E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
 ABANDONED
 ACTIVE
 COMBINED
 INACTIVE
 PROPOSED
 STORAGE
 TERMINATED

Unit Status
 EXPLORATORY
 GAS STORAGE
 NF PP OIL
 NF SECONDARY
 PENDING
 PI OIL
 PP GAS
 PP GEOTHERML
 PP OIL
 SECONDARY
 TERMINATED

Wells Status
 GAS INJECTION
 GAS STORAGE
 LOCATION ABANDONED
 NEW LOCATION
 PLUGGED & ABANDONED
 PRODUCING GAS
 PRODUCING OIL
 SHUT-IN GAS
 SHUT-IN OIL
 TEMP. ABANDONED
 TEST WELL
 WATER INJECTION
 WATER SUPPLY
 WATER DISPOSAL
 DRILLING



PREPARED BY: DIANA MASON
 DATE: 14-JANUARY-2008



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

January 16, 2008

Parallel Petroleum Corporation
1004 Big Springs St., Ste. 400
Midland, TX 79701

Re: Federal Pipeline 13-17-4-23 Well, 830' FSL, 126' FWL, SW SW, Sec. 17, T. 4 South,
R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39910.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Office

Operator: Parallel Petroleum Corporation

Well Name & Number Federal Pipeline 13-17-4-23

API Number: 43-047-39910

Lease: UTU-81184

Location: SW SW **Sec.** 17 **T.** 4 South **R.** 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-81184
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Parallel Petroleum Corp.		7. If Unit or CA Agreement, Name and No.
3a. Address 1004 Big Springs ST, Suite 400 Midland, TX 79701	3b. Phone No. (include area code) 432-685-6568	8. Lease Name and Well No. Federal Pipeline 13-17-4-23
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 830' FSL & 126' FWL SWSW At proposed prod. zone Same as above.		9. API Well No. 43-047-39910
14. Distance in miles and direction from nearest town or post office* 14.2 miles East of Vernal, UT		10. Field and Pool, or Exploratory Wildcat
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 830'	16. No. of acres in lease 1439.36	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 17, T. 4S, R. 23 E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 2,000'	12. County or Parish Uintah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5343.9 Finished Grade	22. Approximate date work will start* 03/01/2008	13. State UT
23. Estimated duration 10 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Ginger Bowden</i>	Name (Printed/Typed) Ginger Bowden	Date 12/29/2007
Title Agent		

Approved by (Signature) <i>Jerry Kenicka</i>	Name (Printed/Typed) JERRY KENICKA	Date AUG 15 2008
Title Assistant Field Manager Lands & Mineral Resources		Office VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

UDOGM
NOTICE OF APPROVAL

APD POSTED 2-1-2008 MC

08PP0127A

CONFIDENTIAL

RECEIVED

AUG 21 2008

DIV. OF OIL, GAS & MINING

CONDITIONS OF APPROVAL ATTACHED

NCS 10/24/07



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Parallel Petroleum corp.
Well No: Federal Pipeline 13-17-4-23
API No: 43-047-39910

Location: SWSW, Sec. 17, T4S, R23E
Lease No: UTU-81184
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:		(435) 781-4476	
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	(435) 828-3544
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

SITE SPECIFIC CONDITIONS OF APPROVAL

- Conditions of Approval: Some of these Conditions may also be found in the APD or SOP.
- **Surface Disturbing Activities Notification:** Notify the Authorized Officer (AO) 48 hours prior to surface disturbing activities.
- **Time Limitations:** (Only during construction & drilling)
Lands in this lease have been identified as habitat for some wildlife. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect this wildlife habitat from surface disturbing activities (see below).

TIME RESTRICTION

REASON

December 1 - April 30.....Crucial mule deer winter habitat

- **Special Status Plants:** If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- **Paleontology:** If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

Access Road:

- Access roads should meet BLM standard, and if possible, limit construction to gentle slopes in order to avoid need for special construction designs.
- The maximum disturbed width for access roads is 30 feet, and the roads shall be crowned, ditched, and constructed with a running surface of 18 feet.
- Access roads should be winding, and kept off the ridges. Install culverts, low water crossings, water bars, turn outs, etc. as necessary, in order to provide good drainage, control soil erosion, and also for safety reasons.
- **Pipelines:** After the proposed exploratory gas well has been drilled, and found to be productive, send Sundry Notice (Form 3160-5) with proposed pipeline layout to BLM.
- **Wet Soil - Caution:** No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of

three inches deep in a straight line travel path, the soil shall be deemed too wet to adequately support construction equipment.

- **Specific Conditions Pertaining to Location Construction:**
 - Original location to be rotated approximately 45 degrees eastward, in order to release more grazing acreage
 - Construct a diversion channel on the southern side of the location to re-route flow away from the well pad.
- **Reserve Pit:** The reserve pit will be constructed in such a way that it will not leak, break or allow discharge of fluids in it. Line the pit with a 16 ml or greater liner and felt. When the drilling operations have been completed, the oily, dark colored surface layer mainly composed of hydrocarbons should be removed (43 CFR 3162.7-1). And weather permitting; the reserve pit should be backfilled, and reclaimed within 90 days.
- **Fencing:** Any pits, and open tanks should be fenced in order to exclude livestock and other wildlife from the area, obviously preventing them from getting hurt and drinking water or fluids which could be toxic. The reserve pit will initially be fenced on 3 sides during drilling operations, but once drilling has ceased, and the rig has been removed, the fourth side should be fenced too. The fences will be maintained until the pit has been reclaimed.
- **Drainages:**
 - Keep drainages clear.
 - Ditches, culverts and all installments will be properly constructed in order to avoid sedimentation of drainage ways and other water resources.
 - Prevent fill and stock piles from entering drainages.
- **Soil Erosion – Caution:** Lands where the proposed oil wells are located have been identified as vulnerable to moderate erosion. If additional erosion occurs during the life of this project, more culverts, diversion channels, berms, wing ditches, low water crossings, etc. will need to be installed/constructed in order to control erosion.
- Paint all facilities, except OSHA, **Juniper Green**
- **General Maintenance:**
 - The operator will be responsible for treatment and control of invasive and noxious weeds.
 - Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.
 - All boulders found on the surface will be stockpiled for use during final reclamation.
 - **The operator shall keep the site well maintained and up-to-date all the time.**
- **Interim Reclamation:**
 - **Maximize** interim reclamation. Within the pad, reseed all areas not needed for production; only leave room for vehicle access.
 - During interim reclamation of the surface, the following seed mixture will be used (PLS* formula).

Shadscale (*Atriplex confertifolia*)..... 3 lbs/acre

Fourwing Saltbush (<i>Atriplex canescens</i>).....	3 lbs/acre
Galleta Grass (<i>Hilaria jamesii</i>)	3 lbs/acre
Hycrest Crested Wheatgrass (<i>Agropyron desertorum</i>).....	2 lbs/acre

Rates are set for drill seeding; double the rate if broadcasting.

- Reseeding may be required if initial seeding is not successful.
- **If no germination, contact BLM authorized Officer.**

- **Final Reclamation:**

- See APD
- Once the location has been plugged and abandoned, it shall be recontoured to natural topography, topsoil shall be re-spread, and the entire location shall be seeded with a seed mixture recommended by the A.O. **Seed application will follow all guidelines recommended for seedbed preparation, planting, watering, and seedling care after germination.**

***PLS = Pure Live Seed**

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- Production casing cement shall be brought up and into the surface.
- Covering air/gas drilling operations, requirements will be adhered to covering air/gas drilling operations as described in Onshore Order #2 iii. E. 1. Drilling Operations, Special Drilling Operations, air/gas drilling.
- A Gamma Ray well log shall be run from the well Total Depth to the surface.
A copy of the Gamma Ray well log shall be submitted to the BLM Vernal Field Office. The operator must report encounters of gilsonite and/or tar sand. This is a repetition of a standard COA.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of

each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81184
2. NAME OF OPERATOR: PARALLEL PETROLEUM CORP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1004 BIG SPRINGS ST. SUITE _____ CITY MIDLAND STATE TX ZIP 79701		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 830' FSL & 126' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 17 4S 23E		8. WELL NAME and NUMBER: FEDERAL PIPELINE 13-17-4-23
		9. API NUMBER: 4304739910
		10. FIELD AND POOL, OR WILDCAT: WILDCAT
		COUNTY: UINTAH
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: EXTENSION
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

THE OPERATOR RESPECTFULLY REQUESTS A ONE YEAR EXTENSION FOR THE SUBJECT LOCATION. PLEASE FIND THE ATTACHED EXTENSION VALIDATION FORM.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 03-16-09

By: [Signature]

COPY SENT TO OPERATOR

Date: 3.18.2009

Initials: KS

NAME (PLEASE PRINT) GINGER BOWDEN TITLE AGENT
SIGNATURE [Signature] DATE 3/4/2009

(This space for State use only)

RECEIVED
MAR 12 2009
DIV. OF OIL, GAS & MINING



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304739910
Well Name: FEDERAL PIPELINE 13-17-4-23
Location: SEC 17, T. 4S, R. 23E
Company Permit Issued to: PARALLEL PETROLEUM CORP
Date Original Permit Issued: 1/16/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Winger Bowden
Signature

3/4/2009

Date

Title: AGENT

Representing: PARALLEL PETROLEUM

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MAR 12 2009

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ

2. CDW

Change of Operator (Well Sold)

X - Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

1/1/2010

FROM: (Old Operator):

N2720-Parallel Petroleum, Corporation
 1004 Big Springs St, Suite 400
 Midland, TX 79701
 Phone: 1 (432) 685-6568

TO: (New Operator):

N3625-Parallel Petroleum, LLC
 1004 Big Springs St, Suite 400
 Midland, TX 79701
 Phone: 1 (432) 682-6568

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SUNSHINE BENCH #1	34	040S	220E	4304736732		Fee	OW	LA
TRAIL CREEK ANTICLINE 1-2-6-25	02	060S	250E	4304738324		State	TW	APD
BUCKSKIN HILLS 13-32-3-22	32	030S	220E	4304738325		State	TW	RET
TULLY ST 15-13-5-22	13	050S	220E	4304739310		State	GW	APD
FEDERAL PIPELINE 13-17-4-23	17	040S	230E	4304739910		Federal	GW	APD

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 1/26/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/26/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 2/4/2010
- a. Is the new operator registered in the State of Utah: Business Number: 5956493-0161
- a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: ok DJJ
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC-Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 1/28/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/28/2010
- Bond information entered in RBDMS on: 1/28/2010
- Fee/State wells attached to bond in RBDMS on: 1/28/2010
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: 61648852
- Indian well(s) covered by Bond Number:
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 61645284
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS: Parallel Petroleum changed their business from a Corporation to an LLC. Since their bond remains the same, state and fee wells with LA needed to go to the new operator number.

Parallel Petroleum, LLC

P.O. Box 10587 • Midland, TX 79702 • 432-684-3727 •

January 1, 2010

Field Manager
Vernal Field Office Manager
Bureau of Land Management
170 S. 500 E
Vernal, UT 84078

Re: Oil & Gas Operations
Parallel Petroleum LLC
State of Utah

Dear Sirs:

Parallel Petroleum LLC is hereby authorizing Ginger Bowden of Paradigm Consulting, Inc. to act on behalf of Parallel Petroleum LLC in all aspects of the permit process for potential new wells proposed on Federal and State oil and gas leases as required under Onshore Oil and Gas Order Number One.

This authority would include preparing and submitting applications to drill wells, preparing and submitting applications for road and pipeline right-of-ways and submitting various sundry notices. In addition, she is an authorized Parallel Petroleum LLC agent in all discussions with local, State or Federal regulatory agencies regarding proposed drill sites, routing of roads or pipeline and other matters pertaining to our planned operations in Utah.

If you have questions regarding this designation of an agent on our behalf, please call 432-685-6577.

Sincerely,



Donald E. Tiffin
Chief Operations Officer
Parallel Petroleum LLC

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JAN 26 2010

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom hole depth, reenter plugged wells, or to drill horizontal intervals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER UTU-81184
2. NAME OF OPERATOR Parallel Petroleum, LLC N3625		6. IF INDIAN, ALLOTTEE OR TRIBE NAME _____
3. ADDRESS OF OPERATOR 1004 Big Springs ST Suite 400, Midland TX 79701		7. UNIT or CA AGREEMENT NAME _____
4. LOCATION OF WELL FOOTAGES AT SURFACE: 830' FSL & 126' FWL		8. WELL NAME and NUMBER Federal Pipeline 13-17-4-23
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 17 4S 23E		9. API NUMBER: 4304739910
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		


11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The operator respectfully requests a change of operator approval. The subject location will transfer operators from Parallel Petroleum Corporation to Parallel Petroleum, LLC.

Effective as of January 1, 2010, Parallel Petroleum, LLC assumes all responsibility and liability for the subject location.

Parallel Petroleum Corporation N2720
Name: Donald E. Tiffin
Title: Chief Operations Officer
Signature: 

NAME (PLEASE PRINT) Ginger Bowden

TITLE Agent

SIGNATURE 

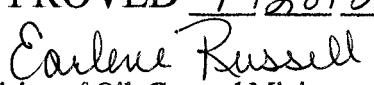
DATE 1/18/2009

(This space for State use only)

(5/2000)

APPROVED 1/28/2010

(See Instructions on Reverse Side)


Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

RECEIVED

JAN 26 2010

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 12, 2010

Parallel Petroleum Corporation
1004 Big Springs St., Ste. 400
Midland, TX 79701

Re: APD Rescinded – Federal Pipeline 13-17-4-3, Sec. 17 T. 4S, R. 23E
Uintah County, Utah API No. 43-047-39910

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 16, 2008. On March 16, 2009, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective April 12, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/ut/st/en/fo/vernal.html>



FEB 24 2012

IN REPLY REFER TO:
3162.3 (UTG011)

Parallel Petroleum, LLC
1004 Big Springs ST, Suite 400
Midland, TX 79701

43 047 39910

Re: Return Change of Operator
Well No. Federal Pipeline 13-17-4-23
SWSW, Sec. 17, T4S, R23E
Uintah County, Utah
Lease No. UTU-81184

Dear Ms. Bowden:

The Sundry Notice for Change of Operator, received in this office on January 26, 2010, has been reviewed and is being returned for the following reason.

A name change from Parallel Petroleum Corp to Parallel Petroleum, LLC was made in our system effective December 31, 2009; therefore, the Change of Operator Sundry Notice is not needed.

If you have any questions regarding this matter, please contact Cindy Severson of this office at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

Enclosure

cc: UDOGM

RECEIVED
MAR 01 2012

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
UTU-81184

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Parallel Petroleum, LLC

3a. Address
1004 Big Springs ST, Suite 400
Midland, TX 79701

3b. Phone No. (include area code)
432-685-6568

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Federal Pipeline 13-17-4-23

9. APL Well No.
4304739910

10. Field and Pool or Exploratory Area
Wildcat

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
830' FSL & 126' FWL Sec. 17, T4S, R23E SWSW

11. Country or Parish, State
Utah, UT

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Change of Operator</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please be advised, Parallel Petroleum, LLC is considered to be the operator of Well No. Federal Pipeline 13-17-4-23; SW 1/4 SW 1/4, Section 17, Township 4S, Range 23 E; Lease UTU 81184; Uintah County,; and is responsible under the terms and conditions of the lease for the operations conducted upon leased lands. Bond coverage is provided by LOC-61648852.

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MAR 01 2012

DIV. OF OIL, GAS & MINING

RECEIVED
FEDERAL FIELD OFFICE
2010 JUN 26 PM 3 47
DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Ginger Bowden

Title

Agent

Signature

Ginger Bowden

Date

01/19/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

RETURNED TO
OPERATOR

Title

Date

FEB 24 2012

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

UDOGM